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**From:** Ed Walczak  
**Sent:** Friday, June 12, 2015 2:20 AM  
**To:** Kimberly Rios; Paul Rieger  
**Subject:** Re: Risk evaluation for BNP

Paul,

Each day I graphically view the stress points referred to below in combination with volatility stresses of VIX = 20, 30 and 45. I do that across 5 time frames. This represents 75 combinations of market parameters. I have not found it a value add exercise to generate a document with these numbers when it can be scanned visually in a fraction of the time. Perhaps the best document of the effectiveness of risk control would be the audited performance capsule which represents real time risk management results over the past 9+ years. On this basis I suspect the Fund compares favorably to BNP's existing client universe although its likely that most have more impressive sets of risk documents.

If this does not suffice, then you may politely thank BNP for their interest and we will move on to a new clearing partner candidate.

Ed

Edward S. Walczak  
Senior Portfolio Manager  
Catalyst Hedged Futures Strategy Fund  
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**From:** Kimberly Rios <[Kimberly.Rios@catalystmf.com](mailto:Kimberly.Rios@catalystmf.com)>  
**Date:** Thursday, June 11, 2015 4:12 PM  
**To:** Paul Rieger <[prieger@rcmam.com](mailto:prieger@rcmam.com)>, Ed Walczak <[EdWalczak@catalystmutualfunds.com](mailto:EdWalczak@catalystmutualfunds.com)>  
**Subject:** Re: Risk evaluation for BNP

Paul,

I will cc Ed on this email because I don't exactly know to respond.

The daily stress test does not have a print out and does not deliver a report. Much of it is visual looks at charts how the positions will react under certain conditions. I will let Ed take it from here.

Kimberly Rios, CFA, CMT  
Catalyst Hedged Futures Strategy  
608-235-7506

Paul Rieger <[prieger@rcmam.com](mailto:prieger@rcmam.com)> wrote:

I guess they needed a different report. See below:

What we received is a limit structure – so very good to have.

On our call Edward Walczak, the PM, described in details a daily risk report, based on which the fund is managed to max 8% loss from the worst scenario from the report.

Specifically this is a stress report with (-15%/-10%/-5%/+5%/+10%) stresses - please explain that this is what we are looking for, along with fund positions for the same day.

Thank you,

Alex Bergelson

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